

Message Text

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PAGE 01 JAKART 09719 190951Z
ACTION EA-12

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-09
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 /130 W
-----088731 200644Z /20

R 190856Z JUL 78
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 255
INFO AMCONSUL MEDAN
AMCONSUL SURABAYA

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E.O. 11652: NA
TAGS: ENRG, ID
SUBJECT: INDONESIAN CRUDE OIL PRODUCTION REPORTEDLY DROPS TO
1.4 MILLION BARRELS A DAY IN JULY

REF: JAKARTA 9233

1. EMBASSY HAS BEEN SHOWN PROVISIONAL CRUDE OIL PRODUCTION FIGURES FOR FIRST 10 DAYS OF JULY THAT SHOW AVERAGE PRODUCTION OF 1.4 MILLION BARRELS A DAY COMPARED TO 1.6 MILLION BARRELS A DAY IN JUNE AND AN AVERAGE OF NEARLY 1.7 JANUARY THROUGH MAY. ACCORDING TO INDONESIAN SOURCES CURRENT PRODUCTION DECLINE IS DUE TO 2 FACTORS: A) GENERAL CRUDE OIL MARKETING, PROBLEMS PRIMARILY ON U.S. WEST COAST, AND B) A SPECIFIC INABILITY TO EXPORT LOW SULFUR WAXY RESIDUE (LSWR). CONSEQUENTLY, THER HAS BEEN A BUILDUP OF LSWR IN REFINERY STORAGE TANKS, NECESSITATING REDUCED REFINERY THROUGHPUT AND TEMPORARY SHUTDOWNS, AND CUTBACKS IN PRODUCTION, MAINLY OF HIGH WAX CRUDE.

2. THE SUDDENNESS AND INTENSITY OF THE MARKETING CRUNCH HAS CAUGHT PERTAMINA AND GOI BY SURPRISE. THE SLACK U.S.
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PAGE 02 JAKART 09719 190951Z

WEST COAST MARKET HAD BEEN EXPECTED TO CAUSE SOME SHUT IN CAPACITY IN THE SECOND HALF OF 1978 BUT MOST PERTAMINA OFFICIALS ANTICIPATED A MORE GRADUAL DECLINE TO PERHAPS 1.55-1.6 MILLION BARRELS A DAY.

3. PRODUCTION AT ONLY 1.4 MILLION BARRELS A DAY, IF CONTINUED FOR LONG, WOULD UPSET GOI BUDGET PLANS AND

FOREIGN EXCHANGE EARNINGS. SENIOR GOI OFFICIALS ARE
HOLDING DISCUSSIONS NOW AS TO WHAT, IF ANYTHING, PERTAMINA
OR THE GOVERNMENT MIGHT DO TO OFFSET THIS DEVELOPMENT.
GARDNER

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NNN

Message Attributes

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Disposition Approved on Date:
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